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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: strengthening of the coordination of emergency humanitarian assistance of the United Nations

Improvement of the Central Emergency Revolving Fund

Report of the Secretary-General*

Summary

To ensure a more predictable and timely response to humanitarian crises, the present report proposes that the current Central Emergency Revolving Fund be expanded to a target of 500 million United States dollars to include a grant element alongside its existing loan element. The modernized Fund will be used to ensure funding is immediately available to support rapid response to humanitarian crises and address critical humanitarian needs in underfunded emergencies. The report requests the General Assembly to endorse the upgrading of the current Fund to make humanitarian response more predictable. The report also recognizes that predictable humanitarian financing is but one key element of the Secretary-General's humanitarian reform package and that approval of a modernized fund, to be renamed the Central Emergency Response Fund, will contribute to the realization of the other elements of humanitarian reform, including those related to strengthening humanitarian coordination and humanitarian response capacity.

* The report was delayed for technical reasons.

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 46/182 of 19 December 1991, in which the Assembly requested annual reports on the coordination of emergency humanitarian assistance, including on the Central Emergency Revolving Fund. The report is also submitted in compliance with Economic and Social Council resolution 2005/4 of 15 July 2005, which requested the Secretary-General to submit a report to the Assembly, at its sixtieth session, on improving the functioning of the Central Emergency Revolving Fund through the possible inclusion of a grant component to be funded by voluntary contributions.

II. Background to humanitarian reform

2. Events of the past decade have demonstrated that the need for effective humanitarian assistance has increased dramatically. During the period, natural disasters have increased in scale and, as a result of increasing vulnerability, affect more people than before. The recent Indian Ocean tsunami, for example, challenged the capacity of the humanitarian system to meet needs on an unprecedented geographical scale. Complex emergencies have also changed in scale and nature, requiring new humanitarian skills and resources to be deployed, as has been demonstrated in the recent crisis in Darfur, Sudan. By its resolution 46/182, the General Assembly established the coordination framework and the tools required by the humanitarian system. While they have stood the test of time well, it is now necessary to upgrade the tools that were developed in the 1990s so they can work more effectively in the humanitarian environment of 2005.

3. In his report, "In larger freedom: towards development, security and human rights for all" (A/59/2005), the Secretary-General recognized that further improvements to the humanitarian system were needed to introduce more predictability in overall humanitarian response, given the increasingly complex humanitarian environment. The Secretary-General called for improvements to strengthen the response capacity of the humanitarian system; to develop more predictable humanitarian financing to ensure a prompt response to crises; and to strengthen humanitarian coordination. Those recommendations, further endorsed by the Assembly in its resolution entitled "2005 World Summit Outcome" (resolution 60/1), must now move forward simultaneously for the United Nations effectively to serve people throughout the world who are suffering in the face of humanitarian crises.

III. Existing mechanisms and their limitations

4. Resolution 46/182 established a number of coordination and response tools, including the Consolidated Appeal Process (CAP) and the Central Emergency Revolving Fund. The Consolidated Appeal Process has become the Organization's primary tool to ensure an effective and coordinated humanitarian response to crises and is a key funding and planning instrument for United Nations humanitarian organizations and, increasingly, for non-governmental organizations (NGOs). In addition, the flash appeal, a similar instrument using CAP methodology, was developed as a mechanism to enable the rapid deployment of funds. The flash

appeal has been used largely in response to natural disasters or rapidly deteriorating complex emergencies. The present Fund was designed as a financial instrument to improve humanitarian response by ensuring the rapid disbursement of funds for emergencies.

Central Emergency Revolving Fund

5. The Central Emergency Revolving Fund was established within the scope of the 1991 humanitarian reforms and in accordance with resolution 46/182 for use as a financial instrument that would support prompt humanitarian action. It enjoys the broad support of Member States and a diversified donor base with contributions from over 40 Member States. The Fund has disbursed some 337 million United States dollars ($) in loans over the last 14 years and works best as a cash flow mechanism for United Nations humanitarian agencies while they are waiting for donor pledges or commitments to become actual transfers. However, given the current Fund's requirement for reimbursement within six months, United Nations humanitarian organizations are often hesitant to use this financing arrangement unless there are firm indications that donor funding is forthcoming. As a result of its conditions, the present Fund does not lend itself to assuring a rapid humanitarian response, and its requirements for repayment have proved even more of a constraint when it comes to addressing underfunded emergencies. As a result, use of the Fund has fluctuated. It has been most frequently used in such high-profile crises as those in Afghanistan, Iraq and Kosovo, where quick reimbursement is guaranteed by confirmed pledges from donors.

Agency emergency funds

6. In addition to the Central Emergency Revolving Fund, humanitarian organizations of the United Nations system have taken steps to strengthen their own emergency arrangements. The respective agency funds[1] are used to finance the initial needs of emergency operations in accordance with the mandate of each agency. They provide an important source of liquidity and have enabled the agencies to improve their own rapid response performance on numerous occasions. In this context, it is recommended that donors continue to channel contributions to reimburse those accounts.

7. In general, the emergency funding arrangements of United Nations agencies are similar to those of the Fund in that they are primarily internal loan mechanisms that require guarantees of repayment. The World Food Programme is the only agency with a limited standby grant facility for humanitarian operations, the Immediate Response Account, which provides up to $500,000 to country programmes for starting emergency programmes. Moreover, the restriction of individual agency funds to their mandated activities necessarily limits the use of the funds and leaves the system vulnerable to sectoral imbalances.

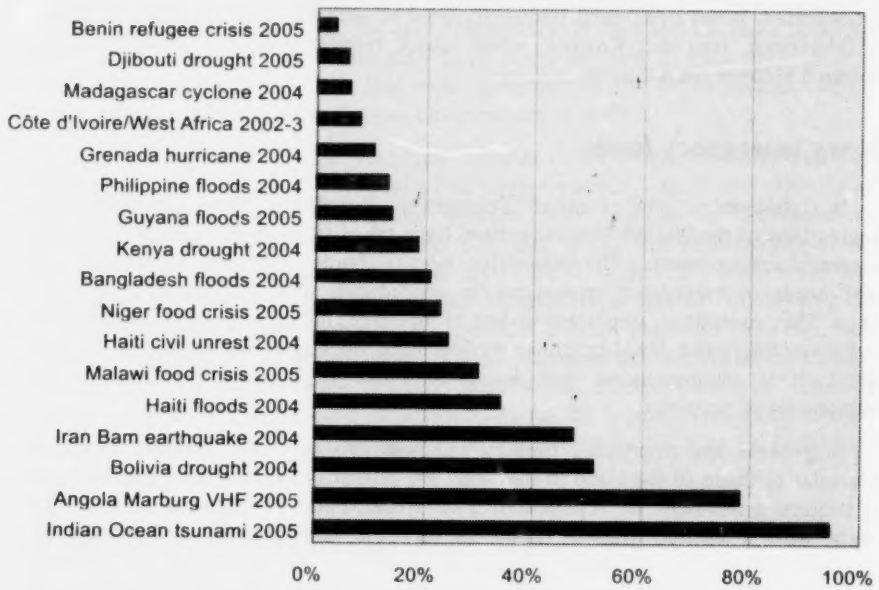
Consolidated and flash appeals

8. Flash appeals were created to provide a rapid response to sudden onset natural disasters and sudden deteriorations of complex emergencies. They are launched

within days of a crisis and serve as a critical benchmark for framing initial life-saving needs. However, an analysis of data collected by the financial tracking service of the Office for the Coordination of Humanitarian Affairs indicates that, as an instrument, consolidated and flash appeals have not been able to eliminate the time lag between the publication of assessed needs and the actual receipt of funds, ensure timely availability of funding to plan cost-effective operations or guarantee a minimum level of equity in humanitarian funding across the spectrum of global needs.

9. As illustrated in figure 1 below, the majority of flash appeals do not produce adequate funds to cover the initial phase of emergency operations. In fact, the majority of flash appeals are less than 30 per cent funded one month after the launch. More specifically, statistical analysis demonstrates that the average (median) response provides funds for only 16 per cent of the identified needs after one month. The late delivery of funds constrains the humanitarian community's efforts to mount a rapid response and save lives in the early days and months of operations.

Figure 1. Flash appeals 2002-2005: funding received in first month



10. Current funding tools also provide limited scope to plan cost-effective humanitarian operations. That constraint is particularly evident in the case of slow onset crises such as the desert locust problem in the Sahel. There, earlier availability of funding would have enabled the Food and Agriculture Organization of the United Nations (FAO) to spray locust larvae in the early stages of infestation and thereby prevent the spread of the problem. A slow response to the initial appeal meant that FAO was not able to fund the delivery of adequate levels of pesticides. As a result,

by the summer of 2004, the locusts had multiplied dramatically, infesting eight countries. FAO was then forced to ask for $100 million to contain swarms of epidemic proportions compared to the $9 million that were required to deal with the infestation in its early stages.

11. Finally, the data show that the current system has apparent limitations in assuring minimum coverage of core humanitarian activities across the spectrum of global humanitarian crises. A review of contributions made through the Consolidated Appeal Process since 1994 indicates a trend of concentrated giving to a select number of high-profile emergencies such as those in Afghanistan and Iraq or in the countries affected by the Indian Ocean tsunami. Although the analysis does not capture all humanitarian funding, it suggests an uneven distribution of funds in favour of the humanitarian crises that enjoy significant political and media attention. In contrast, the emergencies outside the headlines and with high levels of humanitarian need, particularly those in Africa, are consistently underfunded. In 2000, only 6 of 14 appeals received more than 60 per cent of their requirements by the end of the year. In particular, appeals for Burundi, the Congo and the Democratic Republic of the Congo received a meagre 27 per cent, 17 per cent and 32 per cent of their requirements respectively. In contrast, the Iraq appeal in 2003 received 91 per cent of its requirements. That same year, drought-related crises in Zambia and Zimbabwe received 22 per cent and 24 per cent of their requirements respectively. In 2004, the appeal by the Sudan for $727 million was 76 per cent funded, while other protracted emergencies such as those in Burundi, the Central African Republic and Côte d'Ivoire (with combined funding requirements of $191 million) had less than 50 per cent of their needs covered by the end of the year.

Case study: Darfur

The problem of the funding time lag is most apparent for flash appeals that respond to natural disasters, but it also has real consequences for the delivery of life-saving assistance in complex emergencies. In March 2004, United Nations humanitarian organizations appealed for some $130 million for urgent projects in Darfur. However, the funding gap persisted until August 2004, by which time needs had increased to $350 million, in part because cheaper alternatives were no longer feasible. The receipt of funds was one of the critical factors that enabled humanitarian operations to be scaled up to some 12,000 staff and ensure the comprehensive assistance that led to the decrease in mortality rates. However, the funding time lag was a major factor that limited the Organization's ability to deliver life-saving humanitarian assistance to the over 1.4 million internally displaced persons in Darfur, contributed to excessive loss of life and resulted in substantially higher costs for relief operations.

12. There is also a persistent imbalance in spending among sectors, with some sectors (agriculture, water and sanitation, health, and camp management and protection, among others) being systematically underfunded. For example, in 2004, under the Consolidated Appeal Process, humanitarian crises were 64 per cent funded

overall, while a sectoral breakdown indicates coverage of only 34 per cent for water and sanitation, 33 per cent for agriculture, 31 per cent for health, 29 per cent for protection and human rights, 28 per cent for education, 26 per cent for economic recovery and infrastructure and 22 per cent for shelter and non-food items. The unevenness prevents a comprehensive humanitarian response. Food without water, or water without health care, is an ineffective response for populations in need.

IV. Proposal for upgrading the Central Emergency Revolving Fund

Fund objectives

13. The current system of humanitarian financing puts certain limitations on the ability of humanitarian organizations to mobilize quickly. A source of predictable humanitarian funding is needed to ensure a timely, life-saving response capacity and to provide a minimum level of equity in the geographical distribution of assistance. As such, it is proposed that the present Central Emergency Revolving Fund be upgraded to a modernized Central Emergency Response Fund through the addition of a grant element. The overall performance of the Fund will be measured against the three objectives described below, using performance indicators suggested by the Emergency Relief Coordinator and reviewed annually by an advisory group (see paragraphs 33-34).

- **Objective 1. Promote early action and response to reduce loss of life.** The primary objective of the upgraded Fund will be to ensure that early action can be taken in the case of newly emerging crises or in the case of deterioration in existing crises. Early action may be initiated by the Emergency Relief Coordinator, eligible agencies, or at the request of the United Nations humanitarian coordinator/resident coordinator with the country team. In order to safeguard the integrity of the process for consolidated and flash appeals, early response funds will be available for rapid disbursement at the onset of a crisis or recognition of a rapidly deteriorating humanitarian environment, but will be limited in amount and time bound.

- **Objective 2. Enhance response to time-critical requirements based on demonstrable needs.** For a number of important humanitarian actions, timing is critical, and they must be undertaken within specific seasons or time frames in order to protect and save lives effectively. The Fund will be used to ensure that such time-critical actions can be initiated within the period determined to be necessary to save lives and limit costs.

- **Objective 3. Strengthen core elements of humanitarian response in underfunded crises.** In the case of underfunded crises, the objective will be to ensure that core humanitarian activities can be undertaken where there are high levels of humanitarian need. Core activities will be defined as those that are essential to ensure effective life-saving interventions.

Magnitude and phased implementation

14. The current Fund enjoys broad-based support from donors and Member States and continues to prove useful as a cash-flow mechanism in support of the smooth and uninterrupted operation of existing humanitarian actions. Therefore, it is proposed that the revolving component of the current Fund be retained and continue to operate using the same criteria as currently established.

15. It is proposed that the upgraded Fund include a grant element with a view to achieving an overall target of $500 million that would comprise the current revolving facility of $50 million and a grant facility with an eventual target of $450 million. The upgraded Fund, with both the loan and grant facilities, could become operational in early 2006 with the pledges received to date. At the same time, it would benefit from a phased approach to implementation over the first three years of operation. It is anticipated that the magnitude of the Fund will be between $250 and $300 million in the first year. As fund-raising efforts develop and progress reports are provided to current and prospective donors, the Fund would approach the $500 million target by the third year.

16. The first annual report of the upgraded Fund will be used to provide an opportunity for feedback and fine-tuning of the new grant facility. At the end of the second year of operation, there will be an independent review, including an assessment of both the grant and revolving elements of the Fund; of administration, operations and actions supported by the Fund; and of its ability to meet the agreed core objectives.

17. With respect to resource mobilization, the upgraded Fund will benefit from its status as a fund established by everyone and for everyone. Member States, including traditional and non-traditional donors, the private sector and individuals are strongly encouraged to contribute additional, unprogrammed resources to the Fund. Moreover, donors are encouraged to provide multi-year commitments in order to ensure prompt replenishment of the Fund.

V. Operation of the Fund

Eligibility

18. It is proposed that the same humanitarian organizations that have access to the current Fund be eligible for grants and loans from the upgraded Fund. Thus, the United Nations and its funds, programmes and specialized agencies as well as the International Organization for Migration may apply. The Office for the Coordination of Humanitarian Affairs, as the designated fund manager, will not be eligible for grant funds.[2] For administrative and accounting reasons and in order to maintain the capacity for rapid disbursement of funds, it will not be possible for NGOs to access the Fund directly. Non-governmental organizations will benefit indirectly through their partnership arrangements with United Nations agencies.

Disbursements for rapid response

19. Up to two thirds of the Fund's total grant facility will be devoted to life-saving rapid response initiatives established by objectives 1 and 2 (see paragraph 13). In general, the rapid response grant facility will fund programmes of no more than three months in duration, and a maximum of $30 million will be applied to any one crisis.

20. The rapid response funding component will provide financial liquidity for life-saving operations to eligible humanitarian organizations within a maximum of three to four days. Based on demonstrable priority life-saving needs as assessed by the humanitarian coordinator/resident coordinator and/or at the request of United Nations agencies, the Emergency Relief Coordinator will act immediately on applications and allocate funds upon receipt of a request. Applications for funds should be based on assessed needs such as those identified through consolidated and flash appeal analysis, available assessments or other means for demonstrating humanitarian need.

21. Requests for and disbursement of funds under the rapid response funding window can be made at any time and are not linked to the consolidated and flash appeal process. However, in the case of flash appeals, the Emergency Relief Coordinator will immediately communicate the detailed allocation of funds to the donor community in order to provide them with a clear picture of what the Fund will cover, within its limited capacity.

22. It should be reiterated that the Fund will provide only an initial injection of funds given that its resources constitute a modest proportion of overall humanitarian financing in the United Nations system. For example, a Fund balance of $500 million would represent an average of only 14 per cent of the annual funds requested through consolidated and flash appeals, taking 2002-2005 as indicative levels. As is the case today, the majority of humanitarian needs will be funded through the consolidated and flash appeal process.

Disbursements for underfunded emergencies

23. Even the overall increase in global humanitarian funding, estimated at $7.8 billion for 2003,[3] has not ensured an equitable humanitarian response across the globe, and funding continues to be concentrated on a number of high-profile humanitarian emergencies. In line with the Good Humanitarian Donorship initiative goal of promoting more equity in humanitarian financing, it is proposed that up to one third of the Fund's grant facility be allocated to underfunded emergencies.

24. In the circumstances outlined above, funding would be allocated to cover critical needs and functions that address the core elements of immediate humanitarian need and would not seek to address the entire breadth of humanitarian activities. It is suggested that countries on whose behalf consolidated appeals are developed, countries identified by the Inter-Agency Standing Committee as requiring humanitarian assistance and other countries and regions suggested by the Emergency Relief Coordinator be eligible for funds under the grant facility. The prioritization of eligible countries selected for funding will be based on the level of resources available to meet critical humanitarian needs and common criteria. It is suggested that one important criterion will be evidence of a trend of underfunding

for core humanitarian programmes based on an analysis of the response to the Consolidated Appeal Process, taking into consideration the mid-year review and funding not channelled through the appeal.[4] Additional criteria to be taken into consideration may include an inventory of critical unmet needs as outlined by consolidated appeals; assessments or other demonstrated needs; a deterioration of health and nutritional indicators; and displacement figures.

25. As mentioned previously, the allocation of funds from the grant window will be based on assessed needs as identified in consolidated and flash appeals, and on assessments or other demonstrated needs. As such, the performance of the Fund will be linked to continual improvements in the common humanitarian action plan, Consolidated Appeal Process and needs assessment frameworks. In that context, the Office for the Coordination of Humanitarian Affairs will use its field presence to support the humanitarian and resident coordinators, United Nations country teams and humanitarian organizations of the United Nations system to ensure further strengthening of those tools with the support of donors to the Fund.

26. Once the Emergency Relief Coordinator selects a country programme eligible for funding under the grant window, the relevant humanitarian and resident coordinators will identify priority life-saving needs based on inputs from sectoral lead agencies. In principle, disbursements for underfunded emergencies will be approved by the Emergency Relief Coordinator twice a year, following the launch of the annual Consolidated Appeal Process in January and of the midterm review in July.

Criteria for loans and grants

27. The criteria for loans and grants will continue to be guided by the terms set out in the Secretary-General's bulletin of 22 July 1992 (ST/SGB/251). In particular, funds from the revolving element of the Fund will continue to be provided as per the procedures promulgated in the bulletin. Funds provided to agencies from the grant element of the Fund will, for the most part, also be consistent with the criteria in the bulletin. However, paragraphs 13-17 of the bulletin, which set the guidelines for reimbursement, will be expanded to take into account the new grant element. The wording will clarify that, in principle, funds from the grant element will be provided without need for reimbursement. However, each applicant will need to justify the need for a grant, taking into consideration the overall magnitude of resources available, including contributions not earmarked and those available from existing emergency sources.

VI. Management

Role of the Emergency Relief Coordinator

28. The role of the Emergency Relief Coordinator in the administration and management of the upgraded Fund will be similar to his role under the present arrangements. The Emergency Relief Coordinator will continue to manage the Fund at the operational level under the overall authority and direction of the Secretary-General and according to the proposed guidance structure. The Emergency Relief Coordinator will approve all grants awarded by the Fund, in accordance with the

overall objectives outlined above and in line with the corresponding indicators suggested by the Emergency Relief Coordinator, subject to annual review by the advisory group.

Management capacity

29. Fund users (eligible humanitarian organizations) will maintain their own accountability requirements for project funds, and the Office for the Coordination of Humanitarian Affairs will rely, first and foremost, on existing staff for the substantive analysis needed to support the allocation of funds. However, the Office's capacity will need to be strengthened concomitant with the functions of the Fund. The Under-Secretary-General will require five additional staff funded by extrabudgetary sources to fulfil the following functions: processing of requests, reporting and information management.

30. Existing Office staff, however, will provide the bulk of the support for Fund operations. The Office will reorient its activities to provide a dedicated analytical capacity for the Emergency Relief Coordinator to support his role of allocating funds in accordance with the Fund's objectives. The Office will monitor developments in the field, collect data and support the humanitarian/resident coordinators given their role of identifying priorities for funding. The Office's Consolidated Appeal Process Section will contribute to the analysis of funding needs and provide support for enhanced financial and expenditure tracking for a dedicated Fund website. The Policy Development and Studies Branch will provide capacity for evaluation and lead efforts to improve the assessment framework. Finally, the External and Donor Relations Unit will lead resource mobilization and replenishment efforts. The Emergency Relief Coordinator will be further supported by the humanitarian/resident coordinators and field offices of the Office for the Coordination of Humanitarian Affairs, who will be responsible for the provision of appropriate data.

Financial management and replenishment

31. It is not foreseen that funds will necessarily be depleted annually, but rather that a balance will be rolled over each year. In addition, the advisory group will be asked to provide advice to the Emergency Relief Coordinator on an annual replenishment target and on the development of a replenishment strategy that takes into consideration the utilization of the Fund, existing priorities and forecasted needs. In addition, where agencies have received funds on a grant basis from the Fund under objectives 1 and 2, and where such agencies have subsequently raised other funds for the same purpose, it will be incumbent upon the agency to reimburse the Fund.

VII. Governance

General Assembly

32. As is the case with the current Central Emergency Revolving Fund, the proposed Central Emergency Response Fund will be a mechanism established under

the auspices of the General Assembly, which will continue to oversee and scrutinize the operations of the upgraded Fund. The upgraded Fund will operate in accordance with General Assembly resolution 46/182 and its guiding principles. Consistent with that resolution, the Assembly will be provided with an annual analytical report on the functioning and utilization of the upgraded Fund for its consideration. Based on the report, the Assembly may provide overall policy guidance on the use of the Fund to maximize its impact and offer recommendations to improve its functioning.

Advisory group

33. An advisory group will be formed to provide advice to the Fund on the speed and appropriateness of fund allocations, examine performance and financial audits, and contribute to visibility and transparency. The group will meet at least twice per year and will receive administrative support from the secretariat of the Fund.

34. The advisory group will be an independent body comprised of up to 12 experts. It should be broadly representative of the humanitarian donor community and represent the technical expertise and experience of countries affected by crises. Of the 12 members, eight will be drawn from the contributors to the Fund's new grant facility.[5] Each prospective member of the advisory group should have expertise in humanitarian response and be nominated by his or her contributing Government or private organization. The Secretary-General will review nominations and select the members of the group. The group should include traditional and non-traditional donors who have been selected, taking into consideration the scale and magnitude of contributions.[6] The other four members will be appointed by the Secretary-General as independent experts. All members will serve two-year terms, with new members coming in on a rotational basis.[7] The first meeting will be held immediately following the endorsement by the General Assembly of the new Fund.

Donor consultation

35. In order to keep all contributors to the Fund apprised of developments, an annual donor consultation will be held. The consultation will be convened annually by the Emergency Relief Coordinator as a mechanism to solicit feedback on the use of the Fund, with a view to fine-tuning the instrument and its operations.

Inter-Agency Standing Committee

36. The Emergency Relief Coordinator will discuss the use and impact of the Fund with the Inter-Agency Standing Committee principals. In addition, the management and operation of the Fund will feature as a regular item on the agenda of the Inter-Agency Standing Committee Working Group.

VIII. Transparency, accountability and visibility

General Audit of the Fund

37. Internal and external auditors of the United Nations will be requested to audit the use and management of the Fund on an annual basis. Their reports will be submitted to the advisory group.

Agency audits

38. Users of the upgraded Fund will complete their own audits for individual projects as per their current arrangements with their respective management boards.

Evaluations

39. Funded activities will also be subject to evaluations in line with the established evaluation procedures of each agency. The Emergency Relief Coordinator may request additional evaluations if the need arises. At the end of the first two years the Emergency Relief Coordinator will commission an independent evaluation of the Fund to review critically its relevance, efficiency, effectiveness and impact.

Public reporting

40. Transparency and accountability will be further enhanced by public reporting on donations and expenditures through a dedicated Fund website linked to the current financial tracking service of the Office for the Coordination of Humanitarian Affairs. Building on the current system put in place for the tsunami, the Office will provide donors and the public with analysis of fund allocations, expenditures and programme results. The dedicated website will also serve as a fund-raising platform and will promote visibility for donors. Relevant reports, including progress and evaluation reports, will also be included.

IX. Implementation

41. Further to agreement by the General Assembly, a number of actions will be required for the successful implementation of the upgraded Fund, including the following:

- The establishment of a small secretariat within the Office for the Coordination of Humanitarian Affairs to service the Fund and ensure that applications and disbursements are effectively and efficiently processed
- Development and provision of guidance and documentation covering eligibility criteria and reporting requirements for use by eligible agencies, humanitarian and resident coordinators, and staff of the Office for the Coordination of Humanitarian Affairs

- Further development of the financial tracking system to better reflect and monitor global humanitarian financing, and the incorporation of reporting by the Fund into the consolidated and flash appeal process
- Establishment of a dedicated website to assist with reporting, distribution of public information, and transparency and accountability.

X. Conclusion and recommendations

42. For more than a decade, the Central Emergency Revolving Fund has played an important role in providing agencies with readily available resources to allow them to respond quickly to humanitarian emergencies. However, owing to its exclusively revolving nature, the Fund has increasingly faced difficulties in trying to fulfil its originally intended purpose of ensuring the provision of adequate resources for use in the initial phase of emergencies. A review of the speed of responses to consolidated and flash appeals indicate that, for a variety of reasons, there is a time lag from the moment an appeal is launched to the time funds are actually received. In cases of sudden onset disasters or rapid deteriorations in existing humanitarian crises, such a delay hinders the ability of the humanitarian community to save lives in the first days after a disaster strikes.

43. The United Nations will continue its work to make humanitarian assistance more effective in support of affected populations. Efforts to improve the appeal process will continue, and the various elements of the Secretary-General's humanitarian reforms, including those related to strengthening humanitarian coordination and response capacities, are all being addressed simultaneously. Key aspects of the reform package related to predictable financing will be realized through the proposed upgrade of the current Central Emergency Revolving Fund. The General Assembly is therefore urged to endorse the following recommendations in order to ensure that the objectives it envisioned for the Fund some 15 years ago are fully realized:

(a) **Support the modernization of the current Fund by expanding it to include a grant element to support rapid response to emergencies and address underfunded emergencies in line with the following objectives: promoting early action and response to reduce loss of life; enhancing response to time-critical requirements based on demonstrable needs; and strengthening the core elements of humanitarian response in underfunded crises.**

(b) **Recognizing the importance of having timely, predictable and adequate humanitarian financing to support early action in humanitarian emergencies, rename the upgraded Fund "Central Emergency Response Fund", and endorse the addition of a grant facility. The upgraded Fund will have a total target of $500 million, including the current revolving element of $50 million and a grant element of $450 million, and can be operational early in 2006.**

(c) **As the grant facility will be established based on voluntary contributions, Member States are strongly encouraged to contribute generously to the Central Emergency Response Fund, ensuring that their contributions are additional to their current commitments to humanitarian programming.**

Notes

[1] The World Food Programme, World Health Organization, Food and Agriculture Organization of the United Nations, United Nations Development Programme, United Nations High Commissioner for Refugees and United Nations Children's Fund all have standby emergency funds.

[2] The Office will, however, continue to be eligible for loans under the current eligibility criteria for the Central Emergency Revolving Fund.

[3] See *Global Humanitarian Assistance Update 2004-2005* (Somerset, United Kingdom of Great Britain and Northern Ireland, Development Initiatives, 2005), chap. 1.

[4] Consolidated appeals increasingly serve as a denominator of assessed humanitarian needs given increased NGO participation. However, on a case-by-case basis, decision-making will be guided by the overall level of humanitarian funding available in country. In that context, the financial tracking service, which captures funds from outside the appeals, will be a useful tool.

[5] The term "contributors", in this context, refers to both Member States and the private sector.

[6] "Magnitude of contributions" refers to the gross figure, whereas "scale" refers to the contribution as a percentage of a Member State's gross domestic product.

[7] In order to ensure continuity, up to 6 of the 12 members may be appointed for an initial one-year term to allow for the commencement of a rotation system.